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FISCAL IMPACT STATEMENT

LS 6793

BILL NUMBER: SB 159

NOTE PREPARED: Jan 28, 2014

BILL AMENDED: Jan 27, 2014

SUBJECT: Charter Schools.

FIRST AUTHOR: Sen. Kenley

FIRST SPONSOR: Rep. T. Brown

BILL STATUS: As Passed Senate

FUNDS AFFECTED: ☒ **GENERAL**
☐ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: (Amended) This bill has the following provisions:

Adult High School Review: This bill adds a definition of an "adult high school". It repeals a provision that prohibits the establishment of new adult high schools.

It provides that, after June 30, 2014, before an authorizer may grant a charter to establish or renew a charter for an adult high school, the organizer must have the proposal to establish the charter school: (1) approved by the State Board of Education; and (2) reviewed by the Budget Committee. It provides that, with certain exceptions, for state fiscal years beginning after June 30, 2014, an adult high school is not entitled to receive funding from the state unless the General Assembly enacts an appropriation for the adult high school. It provides that an adult high school is subject to an alternative accountability system established by the State Board.

Adult High School Requirements: The bill requires a charter for an adult high school to contain certain requirements.

Administrative Fee: The bill provides that certain authorizers may collect a 3% administrative fee from the amount appropriated to an adult high school (Current law provides that an authorizer may collect the administrative fee from the charter schools basic tuition support)

Effective Date: July 1, 2014.

Explanation of State Expenditures: *Summary:*

a. Adult High School Review - State Board of Education: Under this bill, approving or renewing charters for adult high schools, and establishing an alternative accountability system to assess their performance would add to the workload of the State Board of Education. However, the Board should be able to fulfill these requirements within existing resources.

This bill could potentially impact adult high schools that would cater to individuals who left high school without receiving a high school diploma. There are approximately 600,000 to 650,000 individuals above the age of 18 years who did not graduate from high school, with approximately 8,500 individuals added to this group each year. If charter school authorizers do grant charters to adult high schools, their operation would be evaluated by the State Board and their funding reviewed by the General Assembly.

b. Adult High School Requirements - State-Supported Authorizers: State-supported authorizers should be able to include these requirements into the charters for adult high schools as part of their routine administrative functions. Evaluating an adult high school for fulfilling these requirements should also be within their routine administrative functions.

Additional Information

Adult High School Review: Under current law, a charter may not be granted by a charter school authorizer for an adult high school, a school that will serve students who are at least 20 years of age and have dropped out of high school before receiving a diploma.

Under this bill, the definition of an adult high school has been changed to include individuals who are 18 and 19 years of age. Additionally, after June 30, 2014, the bill prohibits a charter school authorizer from establishing an adult high school or renewing the charter of an adult high school unless the proposal has been first approved by the State Board of Education and reviewed by the Budget Committee. If the State Board denies the request, an authorizer may not issue or renew a charter for the adult high school. Additionally, under this bill, after June 30, 2014, an adult high school would not be entitled to receive funding from the state unless the General Assembly enacts an appropriation for the school.

This provision does not impact any of the Excel centers, Gary Middle College, and the Christel House Academy DOR center that would continue to receive state funding through appropriations from the General Assembly.

The current statute permits the mayor of Indianapolis to grant charters before July 1, 2013, for a maximum of three Christel House Academies that serve students who are at least 20 years of age. This bill clarifies which Christel House Academies are eligible to receive state funding. Under the bill, a Christel House Academy that was granted a charter by the mayor of Indianapolis before July 1, 2013, for an adult high school, is not entitled to receive state funding if the adult high school was not in operation on May 1, 2013.

Neighbors' New Vista High School could be termed an adult high school under this bill. Between 40% and 45% of its students are over 18 years of age. Its basic tuition support for FY 2014 was approximately \$920,000, with an additional \$83,000 for special education. Based on its student population, it is estimated that in FY 2014 the school would receive between \$368,000 and \$414,000 in basic tuition support for students above 18 years and older. The school opened in 2012.

Adult High School Review - Alternative Accountability System: The State Board must establish an alternative

accountability system that:

- a. Establishes rigorous academic outcomes criteria;
- b. Measures college and career readiness outcomes for each graduate;
- c. Measures student accomplishments and success after graduation for a period of time as determined by the Board; and
- d. Requires that a substantial majority of graduates who receive waiver diplomas are on track to receive or have already received an industry certification that aligns with career pathways as recommended by the Indiana Career Council.

Adult High School Requirements: Under this provision, the following applies for adult high schools established or renewed after June 30, 2014:

- a. The school must offer flexible scheduling.
- b. Students will not complete the majority of instruction of the school's curriculum online or through an electronic medium.
- c. The school will offer dual credit or industry certification course work that aligns with career pathways as recommended by the Indiana Career Council.
- d. The school must have a plan to assist students to graduate, and to assist them to either obtain employment or attend postsecondary education upon graduation. The plan should also include procedures to review individual student accomplishments and success after the student graduates.

Charter School Authorizers: There are currently eight charter school authorizers:

- a. Local Corporation Authorizers: Evansville Vanderburg School Corporation; Lafayette School Corporation; Daleville Community Schools.
- b. State-Supported Authorizers: Ball State University; Indiana Charter School Board.
- c. Private Colleges Authorizers: Grace College, Trine University.
- d. Indianapolis Mayor's Office.

Explanation of State Revenues: (Revised) *Administrative Fee:* A state-supported charter school authorizer may collect up to a 3% administrative fee from the amount appropriated to an adult high school it authorizes. The current statute permits a state-supported authorizer to collect a similar administrative fee from the other charter schools it authorizes.

Explanation of Local Expenditures: *Adult High School Requirements:* Local corporation authorizers and the Indianapolis Mayor's Office should be able to include these requirements in the charters for adult high schools within existing resources. Evaluating an adult high school for fulfilling these requirements should also be within their routine administrative functions. (See *Explanation of State Expenditures* for additional discussion.)

Adult High School Requirements - Adult High Schools: Adult high schools would fulfill the requirements of this provision within existing budgets.

(Revised) *Administrative Fee:* An adult high school would have to pay to its authorizer an administrative fee of up to 3% from the amount appropriated to the adult high school.

Explanation of Local Revenues: *Adult High School Review - Adult High Schools:* Under this bill, after June 30, 2014, an adult high school would not be entitled to receive funding from the state unless the General Assembly enacts an appropriation for the school.

(Revised) *Administrative Fee*: The Indianapolis Mayor's office may collect up to a 3% administrative fee from the amount appropriated to an adult high school it authorizes. The current statute permits the Mayor's office to collect a similar administrative fee from the other charter schools it authorizes. The provision does not apply to a local school corporation that authorizes an adult high school.

State Agencies Affected: State Board of Education; State-supported charter school authorizers.

Local Agencies Affected: Local corporation authorizers; Indianapolis Mayor's Office; Adult high schools.

Information Sources: Dept. of Education website: <http://www.doe.in.gov/student-services/charter-schools>
Stats Indiana: www.stats.indiana.edu

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